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(When filled in)

CIA HISTORICAL REVIEW PROGRAM
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1998

Support Project Initiation Memorandum (for Non-Scheduled Intelligence Production)		Type B	Control Number		
TO: Production Control Staff.					
2. Title or Subject (31) Line 1 USSR: Compensation Line 2 Agreements Line 3 Line 4 Line 5		3. Analyst(s) & Other Contributors (31) Line 1 Line 2 Manhours 20 Completion Date (y m d) 1976 02 24			
4. Requester and Purpose (39) Line 1 Val Zabijaka, BEWT, Department of Line 2 Commerce. For use in East-West Line 3 Foreign Trade Board study. Line 4 Line 5 Line 6		Classification (39) UNCLASSIFIED			
5. Precis (39) Line 1 Listing of compensation agreements Line 2 for study of role of compensation Line 3 agreements in East-West trade. Line 4 Line 5 Line 6 Line 7 Line 8					
APPROVAL:	Branch (if less than 10 manhours) (Acting Chief)			Date	
	Division (if 10 manhours or greater)			Date	
	Director (for special requesters)		Date		

Note: Numbers in parentheses indicate the maximum number of characters and blanks to be inserted in a line—i.e., (16) means no more than 16 spaces.

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USSR COMPENSATION AGREEMENTS

Country	Year Agreements Concluded	Western Project-Associated Exports		Soviet Project-Associated Deliveries	First Year Of Soviet Deliveries	Western Firms	Remarks
		Description	Value \$ Million				
<u>SIGNED AGREEMENTS</u>							
				<u>Natural Gas</u>			
France	1972	Gas field equipment	250	Natural gas	1976	Gaz de France	
Austria	1969, 1974 1975	Large-diameter pipe	400	Natural gas	1969	Voest, Oemv	
Italy	1971	Large-diameter pipe	190	Natural gas	1974	ENI	
Finland	1970	Pipe	N.A.	Natural gas	1974	N.A.	
West Germany	1970, 1972 1974	Large-diameter pipe	1,500	Natural gas	1973	Ruhgas, Mannesmann Export AG	
France, Austria, West Germany	1976	Large-diameter pipe and equipment	900 ^{1/}	Natural gas	1981	N.A.	Part of triangular deal with Iran
<u>Forestry</u>							
Japan	1969	Forestry handling equipment	163	Timber products	1969-1974	KS Industries	
Japan	1971	Wood chip plant	45	Wood chips and pulp	1972-1981	Japan Chip Trading Country	
Japan	1974	Forestry handling equipment	500	Timber products	1975-1979	KS Industries	
France	1974	Pulp-paper complex	60	Wood pulp	1977	N.A.	

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		Description	Value \$ Million					
Chemicals								
West Germany	1972	Polyethylene plant	39	Polyethylene	1972	Salzgitter		
West Germany	1972	Polyethylene plant	61	Polyethylene	N.A.	Salzgitter		
France	1973	Styrene/Polystyrene	100	Polystyrene	1978	Litwin S.A.		
Italy	1973 (pre- liminary agreement)	Chemical plants	600	Ammonia	1978	Montedison		Only four of the plants have been ordered
UK/US	1974	Polyethylene plant	50	Polyethylene	N.A.	Constructors John Brown Union Carbide		
France	1974	Ammonia plants (4)	220	Ammonia	1978	Creusot-Loire		
Italy	1974 (pre- liminary agreement)	Chemical plants (6)	670	Chemical products	N.A.	ENI		Only one plant has been ordered
US	1974	Ammonia plants (4)	More than 200	Ammonia	1978	Chemico		
US	1974	Fertilizer storage and handling facilities	100	Ammonia	N.A.	Occidental		
US France	1975	Ammonia pipeline	100 (est.) 200 (est.)	Ammonia	N.A.	Occidental Entrepose		
Italy	1975	Polypropylene	100-130 (est.)	Possibly chemical intermediates	N.A.	Tecnimont		

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		Description	Value \$ Million	Soviet Project-Associated Deliveries			
Other Agreements with the West							
US	1974	Equipment, Cola concentrates	N.A.	Vodka	1971 1/	Pepsi Co.	Soviet deliveries to cover 65% of value of pipe imports.
Japan	1975	Oil exploration	150-250	Oil and gas	N.A.	Sakhalin Oil Development Co. Ltd	
Italy	1974	Large diameter pipe	1,500	Scrap metal, coal, iron ore	1975	Finnsider	
Japan	1974	Coal development equipment	450	Coal	1979	Southern Yakutsk Coal Development Corp. Ltd.	Soviets have requested additional credit of \$150 million.
West Germany	1974	Steel Complex	1,200 1/	Pellets, steel products	1979	West German Consortium	First stage may be for cash rather than product; contracts have been signed to date.

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		Description	Value \$ Million	Within CEMA				
All Eastern Europe but Czechoslovakia	1972	Pulp plant, Ust'Ilimsk	400	Pulp		1979-1990	N.A.	
All Eastern Europe	1973	Asbestos mining combine, Kingisepp	100	Asbestos		1980-1991	N.A.	
All Eastern Europe	1974	Iron ore/concentrates/ferro-alloy plants, Kursk	600	Iron ore and alloys		1979-1990	N.A.	
All Eastern Europe but Poland, Romania	1974	Ammonium phosphate plant, Kingisepp	100	Ammonium phosphate		1976-1985	N.A.	
All Eastern Europe but Romania	1974	750-kv high-tension line, USSR to Hungary	100	Electricity		1979	N.A.	
All Eastern Europe	1974	Orenburg natural-gas deposits/pipeline to Eastern Europe	1,500-2,500	Natural gas		1980-1999	N.A.	
Poland	1974	Oil pipeline	500-700	Oil		N.A.	N.A.	
Czechoslovakia	1974	Oil facilities	100-500	Oil		N.A.	N.A.	
GDR	1975	Oil facilities	100-500	Oil		N.A.	N.A.	
GDR, Poland	1975	Electrical equipment plant	50	Electrical equipment		N.A.	N.A.	
Hungary	1975	Oil facilities	100-200	Oil		1976-80	N.A.	

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<u>POTENTIAL AGREEMENTS WITH THE WEST</u>							
Japan, US	N.A.	Pulp-paper plants	1,000- 2,000	Wood products	Early 1980s	US, Japanese firms in in competition	
UK	N.A.	Wood processing equipment	120-220	Forestry products	N.A.	Price and Pierce, Ltd	
US, France	N.A.	Alumina refinery and aluminum smelter	1,300 <u>1</u> /	Aluminum	1979-1981	US, French firms in competition	
US, Japan	N.A.	Development of natural gas deposits in Eastern Siberia	3,000+	Liquified natural gas	1980s	Tokyo gas, El Paso Co., Occidental Petroleum	Exploration phase to begin in 197
US	N.A.	Development of natural gas deposits in Western Siberia -- North Star project	3,000+	Liquified natural gas	1980s	Tenneco Inc., Texas Eastern Brown & Root Inc.	

1. Estimated.

2. All East European countries -- Bulgaria, Czechoslovakia, Hungary, East Germany, Poland, and Romania.